

MEDIA RELEASE	PSA calls for a sound regulatory framework for unclaimed retirement funds, rather than a centralisation process to administer these funds
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EMBARGO	None
ENQUIRIES	communication@psa.co.za

The Public Servants Association (PSA), has raised serious concerns about proposals by National Treasury to centralise the management and investment of unclaimed financial assets, including billions of rands in unclaimed retirement benefits. The PSA believes that this proposal requires far more public scrutiny and debate before any decision is taken to place these funds under a centralised mechanism that could potentially increase Government's involvement in assets that fundamentally belong to members and beneficiaries of retirement funds.

National Treasury has proposed a framework to centralise the management of unclaimed financial assets, estimated at more than R88 billion, with the reform initially focusing on unclaimed retirement benefits. Treasury states that the proposed model would establish a central manager and central administrator responsible for the management, administration, record-keeping and tracing of beneficiaries. The PSA is asking a fundamental question: why should Government become increasingly involved in the management and investment of money that belongs to pension fund members and their beneficiaries?

The PSA is not opposed to legitimate efforts to trace beneficiaries and ensure that people receive money that rightfully belongs to them. In fact, the PSA supports efficient tracing mechanisms, improved record-keeping, greater transparency and stronger accountability. However, there is a fundamental difference between Government establishing an effective regulatory framework and Government becoming directly involved in the administration, management or investment of retirement assets. The PSA is concerned that the proposed centralisation could blur this important distinction.

Retirement funds already have established governance structures, including boards of trustees responsible for protecting members' interests. Existing arrangements recognise that unclaimed benefits remain the property of their rightful beneficiaries and are not Government money. The PSA therefore believes that any new structure must clearly demonstrate why existing pension-fund governance mechanisms are insufficient and why centralisation under a new structure would provide better protection, accountability, and outcomes for members and beneficiaries. The PSA is particularly concerned about the manner in which governance is currently being applied across Government institutions.

The PSA cannot support any arrangement that creates an opportunity for retirement assets to become exposed to Government's fiscal pressures or competing policy priorities.



These funds are not Government funds. They belong to workers and beneficiaries. The PSA is therefore calling on National Treasury to refrain from unnecessarily expanding Government's role into areas that are appropriately managed by pension funds, their boards, administrators and other legally mandated institutions. Government's responsibility should be to create and enforce a sound regulatory environment, ensure compliance and facilitate the tracing and payment of beneficiaries, not to create mechanisms that could potentially place control of these assets closer to the State.

The PSA calls for a comprehensive and transparent national debate involving retirement funds, organised labour, employers, trustees, pension-fund members, beneficiaries, regulators and other relevant stakeholders. The PSA believes that the principle must remain simple: money belonging to workers and pensioners must remain protected from political influence and must be managed solely in the interests of its rightful beneficiaries.

The PSA therefore urges Government, and particularly National Treasury, to reconsider the extent of its proposed involvement and to allow the relevant pension-fund governance structures and legally mandated institutions to perform their functions. The PSA will participate constructively in the consultation process but will remain vigilant in protecting the interests of public servants, pensioners and beneficiaries. The protection of workers' retirement money must come before administrative convenience, political interests or Government control.

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